

California Actuarial Advisory Panel

Minutes of February 25, 2011 Meeting

Locations:
State Controller's Office
300 Capitol Mall, Suite 635
Sacramento, CA 95814

Buck Consultants
1801 Century Park East, Suite 500
Los Angeles, CA 90067

Dell Children's Hospital
1129 Mueller Blvd.
Austin, TX 78723

1. Call to Order

Chair Milligan called the meeting to order at 9:30 AM and called the roll.

Present: Sacramento: Alan Milligan, Paul Angelo, Lynn Miller, and John Bartel
Los Angeles, CA via telephone: Harold Loeb

Absent: Rick Reed*, Ed Friend**

Guests: Jocelyn Roubique, SCO, Bureau Chief

SCO Staff: Jennifer Urban, Project Liaison
Shawn Silva, Staff Counsel
Scott Taylor, Fiscal Analyst

*Rick Reed joined the meeting from the posted Austin location at 9:50 AM.

**Ed Friend attended the meeting as a non-voting member of the public from an un-posted location.

2. Approval of Minutes of the January 14, 2011 Meeting

Mr. Bartel motioned and Mr. Angelo seconded to approve the minutes of the January 14, 2011 meeting, amended to highlight that Mr. Friend joined the meeting just after roll call.
The motion passed 5-0.

3. 2011 Work Plan

The Panel reviewed the 2011 Work Plan and the relative priority of the items. After discussion, Mr. Angelo motioned, and Mr. Bartel seconded, that the 2011 Work Plan be amended to include two open items from the 2010 Work Plan - "Defining the range of

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model funding policies and practices” and “Developing disclosure standards for public sector actuarial valuation reports”. **The motion passed 5-0.**

9:50 AM Mr. Reed joined the meeting.

The panel discussed prioritizing the 2011 Work Plan. The Panel requested that staff organize the 2011 Work Plan to reflect that the Panel is placing a higher priority on completing the following 2011 Work Plan items:

- 1) “Report to the Legislature”
- 2) “Developing pricing and disclosure standards for public sector benefit improvements”
- 3) “Defining the range of model funding policies and practices”
- 4) “Developing disclosure standards for public sector actuarial valuation reports”
- 5) “Replying to policy questions from public retirement systems in California”
- 6) “Providing comment upon request by public agencies”

Mr. Milligan motioned, and Mr. Bartel seconded, that the Panel set a July, 2011 due date for “Defining the range of model funding policies and practices”. **The motion passed 6-0.**

Mr. Milligan motioned, and Mr. Angelo seconded, that the Panel set a September, 2011 due date for “Developing disclosure standards for public sector actuarial valuation reports”. **The motion passed 6-0.**

Mr. Milligan motioned, and Mr. Reed seconded, that the Panel set a November, 2011 due date for “Developing pricing and disclosure standards for public sector benefit improvements”. **The motion passed 6-0.**

Mr. Milligan formed a working group consisting of Mr. Reed, Mr. Bartel, and Mr. Angelo, to work on “Developing pricing and disclosure standards for public sector benefit improvements”.

Mr. Angelo requested that staff always include the discussion of the current year work plan as an action item on the agenda.

A public member attendee observed that because private sector employees have no supplement to Social Security, many would require welfare assistance from California taxpayers when they grow older ... and asked that the CAAP consider adding a 2011 Work Plan item involving the development of a proposed legislative requirement that all private sector employers and their employees be required to contribute a specified percentage of future raises toward the purchase of units of deferred annuity inside a private sector self-funded and experience driven carve-out of CalPERS.

Mr. Reed introduced such a motion with the caveat that employees of employers already providing defined benefit pension coverage be exempted. The motion died for want of a second.

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4. Defining The Range Of Model Funding Policies And Practices Working Group Update

Mr. Angelo briefed the Panel on the progress of the working group.

5. Developing Disclosure Standards For Public Sector Actuarial Valuation Reports Working Group Update

Mr. Milligan briefed the Panel on the progress of the working group and added Mr. Miller to the working group.

6. Next Meeting

The Panel requested that staff schedule the next meeting for April 15, 2011, at 9:30 AM.

7. Public Comment

Mr. Friend suggested that the Panel consider offering its expertise to the Governor and the Legislature.

Mr. Milligan motioned, and Mr. Bartel seconded, that the Panel re-open Agenda Item #3, the 2011 Work Plan. **The motion passed 5-0, with Mr. Reed abstaining.**

Mr. Angelo motioned, and Mr. Bartel seconded, to add to the 2011 Work Plan the drafting of a letter the Governor and the Legislature offering the Panel's expertise the analyzing issues regarding pensions and other post-employment benefits. **The motion passed 5-0, with Mr. Reed abstaining.**

Mr. Milligan formed a working group consisting of himself, Mr. Bartel, and Mr. Angelo, to work draft the letter.

8. Adjournment

Mr. Angelo motioned, and Mr. Bartel seconded, to adjourn. **The motion passed 5-0, with Mr. Reed abstaining,** and the panel adjourned at 10:59 AM.